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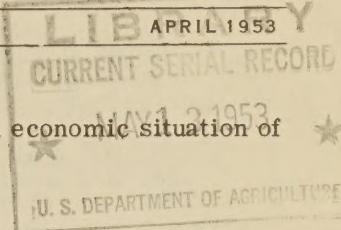
FOR RELEASE
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The AGRICULTURAL OUTLOOK DIGEST

BUREAU OF AGRICULTURAL ECONOMICS, U. S. D. A.

WASHINGTON, D. C.

BAE



The outlook for the rest of 1953 points to little change in the overall economic situation of farmers.

General stability is expected because of prospects that:

1. Demand from U. S. consumers probably will continue high. Consumers' income in early 1953 was at a new peak and their purchases were at a record rate. Surveys of buying plans of consumers and businessmen indicate they will continue to buy at a high rate through 1953. Government spending for all purposes—local, state and national—is likely to exceed last year.
2. Demand from foreign countries will stay about as it is now. Our exports dropped sharply in the last half of 1952 and have continued at the reduced level.
3. Farmers probably will market about the same total quantity of products as last year. It's too early in the season to predict the size of most crops farmers will harvest this year. But information available so far points to about the same total agricultural output as last year if growing conditions are average. Large stocks of wheat, corn, cotton and fats and oils have been built up but a large part is under price support programs.

Record supplies and the slump in exports caused most of the drop in farmers' prices the last year. Average for the first quarter was almost a tenth below year earlier. The adjustment appears to be about completed. Demand and supply prospects indicate no large change in the level of prices received by farmers.

Farmers' costs also have come down, but not much. Prices paid by farmers, including interest, taxes and wage rates averaged 2% lower in the first quarter of 1953 than a year earlier. Most of the decline was in prices paid by farmers for feed and feeder livestock.

Price movements of the last year have tightened the cost-price squeeze. Farmers' prices were 6 percent below parity in mid-March; exactly at parity a year earlier.

With their prices down, farmers' gross income will drop from 1952. Production expenses also probably will be down, but far less than the decline in gross income. Consequently, the net income realized by farm operators this year probably will be off about a billion dollars from the 14.3 billion of 1952.

International developments and their effect on the U. S. national security spending continue the biggest uncertainty in the outlook. Progress toward a peaceful solution of world problems could bring substantial reductions in defense outlays in the future. However, not much decline is likely this year in view of commitments already made and large unspent balances.

Chief effect of an easing of international tensions this year probably would result from uncertainty as to the level of defense spending which now makes up 14% of the total expenditure in the U. S. economy. Prospects for a decline might cause more caution about large expenditures on the part of businessmen and consumers.

LIVESTOCK Farmers have sold 20 to 25% more cattle for slaughter since the first of the year than in the same period of 1952. The gain over a year earlier is expected to diminish but marketings will remain well above 1952 levels. Hog slaughter probably will continue 12 to 15% below 1952 the rest of this year.

Prices of fed cattle may not change much from present levels until fall when some seasonal strength is expected. Prices for lower quality cattle probably will decline seasonally this summer and be somewhat lower than a year earlier in the autumn.

Hog prices have been running about a fourth above a year ago. Following a seasonal decline this spring, prices probably will rise.

POLTRY AND EGGS Strong demand and slightly smaller supplies have boosted egg prices this spring well above a year ago. With feed prices lower, the egg-feed price ratio in the first quarter averaged 30% higher than in the same months of 1952.

In the past, an increase in the ratio has been accompanied by a rise in the number of chickens raised for laying flock replacement. This is likely to occur again this year. On April 1, however, the number of chicks and young chickens on farms was 1% below a year earlier.

DAIRY PRODUCTS The milk flow continued at a record rate in March when output topped a year earlier by 7%. With current output unusually high, the seasonal rise in production from now until the June peak probably will be less than usual.

FATS AND OILS Supplies of food fats and oils for 1953-54 will be more than adequate for all needs, according to early season prospects. Stocks next October 1, the beginning of 1953-54, probably will be a record. Farmers plans on March 1 indicate about the same acreages in soybeans and peanuts as last year. Lard and butter production, however, probably will be down. The first indication of 1953 cotton production will not be available until mid-summer.

FEED Less feed grains have been used so far in 1952-53 than a year earlier. Stocks at the end of the season probably will be up about a fourth from the 20 million tons last October 1.

Feed grain prices continue about a tenth below last spring. Corn has strengthened since February but remains below support levels. The 270 million bushels placed under loan and purchase agreement through mid-March was a near-record for the period.

FRUIT Florida oranges and grapefruit have been marketed more rapidly this year than in either 1951 or 1952. By April 4, 15% more canned juice and 7% more frozen orange concentrate had been processed than in the same period of the 1951-52 season. In California, the Valencia crop is larger than a year ago.

Consumer demand for fruit is expected to continue strong the second half of this year. With stocks of canned fruits to be carried into 1953 season expected to be smaller than a year earlier, processor demand for some fruits may be stronger than in the last half of 1952.

VEGETABLES Processors are unlikely to contract for a larger acreage of vegetables than last year. Stocks of canned vegetables are generally adequate and those of frozen vegetables large.

Growers' intentions indicate larger acreages than last year for potatoes to be harvested in the summer and fall. Prices will continue considerably lower than a year earlier.

COTTON With the supply of foreign cotton up a tenth and prices lower than for U. S. cotton, U. S. exports through February were less than half those of the same period last season. Total for 1952-53 probably will be around $3\frac{1}{2}$ million bales, 2 million less than last year.

U. S. disappearance is expected to be around $9\frac{1}{2}$ million bales, a little larger than last season. This plus exports brings total disappearance to 13 million, and would leave about 4.9 million bales in the carryover next August 1.

WOOL With world wool consumption trending upward, prices have risen, even though supplies this year are somewhat larger than last. Prices at Boston also are up from a year ago.

The support price for the 1953 U. S. clip has been set at 53.1 cents, a little below that for 1952 production. Prices for this year's clip are not likely to average much above the average of 53.3 cents per pound received for the 1952 clip.

TOBACCO Production of cigarettes this year probably will top last year's record of 435 billion. This will mean firm demand for flue-cured, Burley and Maryland tobaccos. A stronger export demand than last year is expected.

WHEAT Not much change in the wheat supply situation is likely in the coming year. The crop will be smaller than last year, according to current prospects. But the decline is likely to be slightly more than offset by the sharp increase in stocks carried into 1953-54.

USDA is planning to begin preliminary work in preparation for possible acreage allotment and marketing quota programs for the 1954 crop. However, final decision on whether marketing quotas must be proclaimed will not be made until more is known about the supply and prospective demand.